

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **VICE CHAIRMAN ROYAL JOHNSON**, on January 15, 2003 at 8:05 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Donald L. Hedges, Chairman
Sen. Royal Johnson, Vice Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. John Esp (R)
Sen. Bea McCarthy (D)

Members Excused: Rep. Eve Franklin (D) arrived at 8:10
Rep. Dave Lewis (R)

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Diana Williams, Committee Secretary
Lynn Zanto, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to the material immediately preceding.

There was a technical problem from .0 to .6 on the tape counter. Roll call was not taped.

Chairman Hedges wasn't available for the entire meeting so Vice Chairman Johnson chaired most of the meeting.

Committee Business Summary:

Hearing & Date Posted: Montana Historical Society,

Executive Action: None

Prior to the meeting the bridge document that ties the new legislative base to the executive budget was handed out.

EXHIBIT (jeh08a01)

HEARING ON MONTANA HISTORICAL SOCIETY

Overview of Agency:

Arnie Olsen, Director of the Montana Historical Society, presentation consisted of using a flip chart. He handed out a packet for each of the Committee members and introduced the staff. Some of the items discussed that were on the flip chart are not part of the packet.

Mr. Olsen went over the following items that were in the packet:

1. Recent Services provided in Various Counties. Each Legislator received only the information that is pertaining to their area. This is Exhibit 2
2. Montana's State Capitol The People's House. He said that this is a new production that honors the centennial of the Capitol. There are historic pictures as well as information on the current remodeling and the history associated with that.
3. Flyer of the Open House that will be at Historical Society on January 15, 2003.
4. Montana the Magazine of Western History - Winter 2002, which is the quarterly publication that goes to the members. Arnie referenced the Brand Books article that is on Page 80.
5. A copy of the newsletter; both the electronic version as well as the hard copy. **Mr. Olsen** said that due to budget cuts this will only be provided electronically from now on. These are Exhibits 6 and 7.

EXHIBIT (jeh08a02)

EXHIBIT (jeh08a03)

EXHIBIT (jeh08a04)

EXHIBIT (jeh08a05)

EXHIBIT (jeh08a06)

EXHIBIT (jeh08a07)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 4.3}

Mr. Olsen then focused on the Montana Historical Society. He said that there are colored coded documents that will help the Committee members. He said that they could use these and not have to take notes.

Mr. Olsen begin his presentation by first going over some of the reasons why the Historical Society is here and why other people have alliance to the Montana Historical Society. He said that history can be a source of strength and then went over in general terms what the Society offers to the public.

He explained who the players are per the blue document in the packet and is Exhibit 8. Then he went over the mandate that governs what the Historical Society does. He said that the mandate is to acquire, preserve, protect and provide broad access to historical records, art, archival materials, museum objects and historic sites for the use, learning, cultural enjoyment of our citizens. He said that the yellow document gives a more thorough definitions of those statues and is Exhibit 9.

The Historical Society has three areas that they focus on:

1. The purpose is to preserve historic resources.
2. They present and provide educational and public programs that interpret Montana's past to the broad public.
3. They provide technical assistance to all organizations who preserve additional resources.

Mr. Olsen also discussed briefly, the general organizations & attributes of Montana Historical Society which are Exhibit 10 and 11.

EXHIBIT(jeh08a08)

EXHIBIT(jeh08a09)

EXHIBIT(jeh08a10)

EXHIBIT(jeh08a11)

{Tape: 1; Side: A; Approx. Time Counter: 4.3 -15.8}

Mr. Olsen presented an overview of how the Montana Historical Society is funded. He said that there are five different funding sources and talked about the trend that is occurring with the funding. A pie chart showed how the money is distributed.

He also explained the five programs which are part of the Historical Society. He said that the specific services provided in each legislator's district is in the packet and is Exhibit 2.

{Tape: 1; Side: A; Approx. Time Counter: 15.8 - 29.8}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 2.7}

The budget was then discussed. He wanted the Committee to see what this agency has done with the money that has been allocated to them so he went over the bright green document that is in the packet (Exhibit 12) and is "Montana Historical Society, Actions Taken to Help Ourselves."

Through **Mr. Olsen's** flip chart presentation, he showed a pie chart that reflected the ten year record of funds. Then he addressed the issues impacting the future of this agency. It is Exhibit 13.

He presented Exhibit 14, "Summary of Cuts." At that point, he said to the Committee that he was prepared to walk them through this document or to answer questions.

EXHIBIT(jeh08a12)

EXHIBIT(jeh08a13)

EXHIBIT(jeh08a14)

{Tape: 1; Side: B; Approx. Time Counter: 2.8 - 16.1}

Questions from Committee Members and Responses:

REP. FRANKLIN asked about the role of the Historical Society in the State Burial Board and was wondering if the unmarked burials are in an area that has been previously called "potters field."

Mark Baumler, Program Manager for the Historic Preservation

Program, said that under the human burial protection act there was a burial board created in the early 90's, 1991. The Society's role in that is to provide technical assistance to the board and to maintain the State burial records for unmarked human graves.

In response to **REP. FRANKLIN'S** follow up question, **Mr. Baumler** said these are primarily individual unmarked burials that could be archeological in nature, prehistorical, American Indians, or early pioneers. He said in most cases, they are not in the cemeteries or the fields adjacent to cemeteries.

{Tape: 1; Side: B; Approx. Time Counter: 16.2 - 18}

SEN. ESP wanted to know if this agency is charging convenience fees for information received via electronic means. **Mr. Olsen** said that not at this time unless it takes over one-half hour to help that person. He said if it takes longer than that the staff informs the person and then asks the person if he or she wants to proceed. If the answer is to proceed, the Society produces a bill for the services.

SEN. ESP wanted to know why the donations are on a downturn. **Mr. Olsen** said that there are a couple of things that have happened. One is the endowment credit which has been changed, has discouraged some giving. The other is that the portfolios of the people who are generally very generous are down. He said that some of the funds that have been earmarked for donating aren't doing very well right now and he thought some of the decline has to do with 9/11 and the general state of the economy.

SEN. ESP's last question was addressing the fixed cost increase. He wanted a breakdown of the salaries and insurances. **Mr. Olsen** said that \$88,000 is insurance and approximately \$150,000 or so would be for salaries (total of \$243,000). He said that the salaries are increasing because of the four percent increase that has been given in the last couple of years.

{Tape: 1; Side: B; Approx. Time Counter: 18 - 21.1}

SEN. McCARTHY wanted to know the location of the Sriver Center. **Mr. Olsen** said that the Montana History Foundation has built a warehouse in Helena, with approximately 2,500 square feet that will be opened to the public as soon as there is enough money raised so the space can be finished. He said that the Society has entered into a 20-year lease and the Foundation will pay for the utilities. It was built because the Society couldn't find a building that was secure or adequate. He further said that the Center isn't opened at the present but he is willing to give the Committee members a tour.

SEN. McCARTHY asked about the garage sale that was mentioned. She said that was the first she had heard of it. **Mr. Olsen** said that the Society was cleaning up their backlog of materials as well as providing to the public, books that have had a change in leadership in the publications program. He said that the money received from the couple of "lawn" sales goes back into the program. **SEN. McCARTHY** thought that schools might be interested in these books.

SEN. McCARTHY wanted to know with the Lewis and Clark Commemoration, the current director's work status. **Mr. Olsen** said that Clint Blackwood resigned his position at the Department of Commerce and became director of this board, knowing that this position had an end point of 2007. Mr. Olsen said that in January 2007, this whole program will disappear.

Mr. Olsen said that the people involved in this program are trying to raise money. They have the license plate fund, the bed tax monies, and are in a fund raising event that they hope will raise several million dollars.

SEN. McCARTHY thought that part of the money that is being raised for this program was coming out of the National Foundation that is based in Saint Louis. **Mr. Olsen** replied that the national organization that was put together to oversee this project, was poorly managed and almost collapsed and the federal monies haven't come through yet. The new leader is trying to keep the project going. Since Montana seems to be one step ahead of the other states, many states are looking at how Montana is preceding with this project.

SEN. McCARTHY asked if the work related to the Lewis & Clark Commemoration is an additional expense to the Historical Society. **Mr. Olsen** said that the Commission is trying to generate money which is an independent function from the Society. The Society's function is to administer the program since this Commission is attached to the Historical Society. This means that the Society deals with their payroll and their bills and things like that. The other issue with the Lewis & Clark Bicentennial project is that with the national attention it has caused an increase in the workload to the staff of the Historical Society.

{Tape: 1; Side: B; Approx. Time Counter: 21.1 - 27.8}

CHAIRMAN HEDGES wanted more information on the historical perspective of the funding sources so asked Mr. Olsen to return to the pie chart that showed the funding sources. **Mr. Olsen** went over the trends. **CHAIRMAN HEDGES** asked if there is actual dollar amounts given in the packet over this. **Ms. Zanto, LFD**, said that she could provide that. It is Exhibit 27.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 3.7}

SEN. JOHNSON requested that part of this presentation include the Virginia City financial situation and also asked that Mr. Olsen discuss the new warehouse costs and so forth for the Scriber Collection. **Mr. Olsen** agreed to have these items discussed.

SEN. JOHNSON asked a few questions about the Montana History Foundation. **Mr. Olsen** said that this is a private foundation that was formed to help raise money for the state historic resources. They don't raise money for salaries and basics. They raise money for enhancements like the Moss Mansion as an example. It was formed back in the 1980's by Ward Shannahan. **Mr. Olsen** went over some of the current board member makeup.

SEN. JOHNSON wanted to know who decides where to distribute the donated money from the Foundation. **Mr. Olsen** said that the Society provides a list of priorities. Then the Foundation focuses on items and enhancements from the list that they think they can raise money for.

SEN. JOHNSON asked if the Foundation is set up so it will continue on to be a source of revenue for the Historical Society. **Mr. Olsen** said that the Foundation's board is comprised of volunteers, and there are only two paid employees. One is a fund raiser and the other is a secretary. **Mr. Olsen** said that as long as there are people out there who care about history and who want to be a part of this Foundation, he thought this entity would continue. He said that even the board members donate generously to this Foundation.

Mr. Olsen said that if you look at direct revenue, he thought the Historical Society last year received \$29,000 from them. He said, "So this isn't something that is going to greatly impact the \$750,000 [reduction] but every little bit helps. We have put it into our budget for things that aren't otherwise funded." **SEN. JOHNSON** asked if the \$29,000 is earmarked. **Mr. Olsen** said that the Society tells them where the money is going to go and they generally approve it based upon our needs. He said for example, part of it goes to the annual history conference, part of it goes to training employees. He said that it helps off-set those costs.

{Tape: 2; Side: A; Approx. Time Counter: 3.7 - 8.5}

SEN. McCARTHY wanted to know if the Historical Society had any financial responsibility for the Daly and Moss Mansions. **Mr. Olsen** said that it was primarily oversight and auditing the books. He said that there are no funds or staff dollars allocated. **Mr. Olsen** then went over some specific situations about the Daly Mansion and the Moss Mansion, like where they are located, who owns them, what the Society does to help the Mansions out and who provides the day to day programs for these Mansions.

{Tape: 2; Side: A; Approx. Time Counter: 8.6 - 12.2}

Mr. Olsen's presentation then focused on the budget situation for this agency. **Mr. Olsen** explained Exhibit 14, which can be found on Page 4 of these minutes. He went over the specific programs that would have to be reduced or cut to meet the proposed Executive Budget as well as what the agency would have to do to meet the reductions that occurred due to the action that happened on January 6th.

EXHIBIT (jeh08a15)

{Tape: 2; Side: A; Approx. Time Counter: 12.2 - 26.5}

Questions from Committee Members and Responses:

REP. BUZZAS wanted to know about the Federal Bricks & Mortar Preservation grants and the impacts that would occur if they were eliminated. **Mr. Baumler** said that these are called brick and mortar grants because they are used to help owners of historic buildings to make repairs, restorations, renovations, to their historic buildings. He also explained in more detail about this program and gave specific examples of where the grants have helped.

In response to **REP BUZZAS's** follow up question that dealt with the match source to these funds, **Mr. Baumler** said that the owner of the building provides the matching funds.

{Tape: 2; Side: A; Approx. Time Counter: 26.5 - 30.4}

Through more questions from **REP. BUZZAS** and answers from **Mr. Baumler** it was learned that the Society receives these funds and uses the National Park service guidelines to help make the determination on who receives the funds. In 2001 there was \$45,000 worth of these grants and approximately \$65,000 worth of community survey and planning studies. In Fiscal year 2002 there was \$40,000 of brick and mortar grants and approximately \$10,000 in community survey and planning studies. To help explain this **Mr. Olsen** provided "Montana's State Match for the Historic Preservation Fund." He said that the document explains the match program and how it works as well as the relationship between what the State provides in Montana verses other states around it.

EXHIBIT (jeh08a16)

REP. BUZZAS wanted to know what happens if the money isn't available to restore some of the historical structures. **Mr. Baumler** said that the Society provide funds for critical issues like roof repairs or leaking roofs. He said that there is very little funds available for private owners and the tax credits aren't available to private individuals either. So these grant programs may seem small but they make a big difference to these people as to whether they decide to go forward with the preservation projects.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 4.1}

Mr. Olsen talked about Virginia and Nevada City. He said that with the funding of \$400,000 and the revenue that is produced there is \$650,000 generated. He said that the expenses are considerable because of their liabilities. He went into detail as to what the liabilities are as well as the additional work that is needed with the artifacts. **Mr. Olsen** said that there is a \$1 million federal grant that Conrad Burns assisted with and it is strictly used for building work in Virginia City.

SEN. JOHNSON wanted to know if the total expenses are greater than the \$650,000 and if they are how do they get the money needed to operate. **Mr. Olsen** said that he thought they were close to \$1 million and wasn't sure how the money was going to become available. He said there is some effort to raise some private funds. He then explained some of the issues he was aware of with Virginia and Nevada City.

SEN. JOHNSON asked if **Mr. Olsen** could explain the relationship between Virginia City and the Historical Society. **Mr. Olsen** explained how the Heritage Commission works, why it was attached to the Historical Society and how the Commission was formed. He informed the Committee as to what his role as a member on this Commission was.

Mr. Olsen said that the Historical Society is considered the owner of Virginia City and its assets but the statues are clear that the Heritage Commission manages it. With this dual jurisdiction there has been challenges due to the different philosophies of these two entities. He said that he knows that the auditors are looking at ways to have a single jurisdiction. He said that there is a review in process to determine what the future might be for Virginia City.

SEN. JOHNSON thought that the this board hires the Director as well as sets his/her compensation and so forth. **Mr. Olsen** said that yes they set the compensation and that the director serves at the pleasure of that Commission.

SEN JOHNSON wanted more information about the hearing that Mr. Olsen talked about. **Mr. Olsen** explained that the bill is before the Senate Business and Labor. He said that if passed it will give the Commission the authority to sell artifacts, land and property. It will also give the ownership to the State of Montana. Additional components to the bill are that it deals with some volunteer issues, and it will try and set up trust funds so that the interest from the money doesn't go to the general fund. Rather it would go directly to the program.

{Tape: 2; Side: B; Approx. Time Counter: 4.1 - 14.4}

SEN. McCARTHY wanted to know if there were State employees at Virginia City. **Mr. Olsen** said that most of the employees have an agreement that is negotiated with the Heritage Commission and the Executive Director so they are private employees that work for the specific concessionaires at Virginia City. He said that there are about 18 or 19 State employees. **SEN. McCARTHY** wanted to know where these employees are working. **Mr. Olsen** informed her that most of them work on site and that there are about three employees based in Helena.

SEN. McCARTHY had two questions. The first one dealt with fire protection. **Mr. Olsen** said that he didn't know what the premium is for fire protection but he felt there is inadequate protection for the whole community. He said that a grant has been awarded that will help rectify some of the problems. **SEN. McCARTHY** then commented about the weeds in that area. She said that the weeds should be trimmed back to the Forest Service specifications and she thought if that was done then the fire protection premium could possibly be lowered.

{Tape: 2; Side: B; Approx. Time Counter: 14.4 - 18}

SEN. JOHNSON asked if any of the public would like to comment on Virginia City. He said that questions would also be answered at this time.

Jeff Tiberi, Executive Director of the Montana Heritage

Commission, explained to the Committee the progress that has been made at Virginia City. He also informed the members that there will be a couple of movies shot in the area. He said that the Commission is building momentum, and is optimistic and he thought they would succeed at this project.

Questions from Committee Members and Responses related to Virginia City:

SEN. JOHNSON said that the funding has been extended for four years for Virginia City and with the original authorization it was thought that this would become an independent entity that would function without State funding. He asked Mr. Tiberi if he would like to comment on: "Do you think you will ever get to that point [of being independent.]" **Mr. Tiberi** said that the Commission is working very diligently towards that goal. He said that he knew the auditor's opinion was that the goal will never be achieved. He thought that between philanthropy and revenue on site, that goal could be reached, but will take time.

Through more questions from **Sen. Johnson** and answers from **Mr. Tiberi** it was learned that Rosana Sketon is the current Chairman for the Montana Heritage Commission which deals with Virginia and Nevada Cities and that Mr. Tiberi is the Executive Director of the project.

SEN. JOHNSON then wanted Mr. Tiberi to explain why he lived in Helena as well as having two administrative assistants living in Helena. **Mr. Tiberi** said that Reeder's Alley has also become part of the State's responsibilities so the Commission has two properties. He said that he travels down to Virginia City as needed. He said that the time he spent on the site was putting a toll on him and his family. He said that he needed to make sure that he could maintain his mental health.

{Tape: 2; Side: B; Approx. Time Counter: 18 - 22.7}

Other questions that **SEN. MCCARTHY** asked dealt with the cabin that is used in the public broadcast show "Frontier Homes." **Mr. Tiberi** said that only the contents of the cabin were gifted to Virginia and Nevada Cities. He said that the contents are insured under the insurance policy.

Mr. Tiberi answered the previous question that **SEN. MCCARTHY** had over the fire insurance premium. He said that the costs vary every year and it depends on the rates and what the agent can get. He said that it is between \$2,000 and \$5,000 for the liability insurance which includes fire.

{Tape: 2; Side: B; Approx. Time Counter: 22.7 - 24.1}

Through questions by **REP. BUZZAS** and answers by **Mr. Tiberi** the Committee learned that Virginia City's budget for last year was \$1.2 million, \$320,000 of revenue was generated, and they

received \$400,000 in bed tax dollars. Grant money was also awarded. **Mr. Tiberi** explained one grant that is active and one that they are hoping to get. He said that among grants, earned revenue on site and bed tax we are able to put dollars to those resources down there to protect those for future generations of Montanans.

Mr. Tiberi said that the plan is to reduce the liabilities by selling the residencies that are surrounding the site. The proceeds would be put in a trust fund and the interest on the trust fund would be used for the other remaining buildings. He said that this was previously talked about and is SB 101.

In order to become independent he said that, "we need to be creative. We have a \$6.4 million asset down there. We just have to figure out ways to convert that so that it can support itself." He is optimistic, but he said it will take a number of years to achieve that goal of independence.

Rep Buzzas asked "Do you have any idea as to how many years?"

Mr. Tiberi said that last session that was asked - when will Virginia City become independent- and his response was, "I can't see that far into the future."

{Tape: 2; Side: B; Approx. Time Counter: 24.1 - 27.2}

REP. HEDGES wanted to know if there was a long range plan to gain revenue by generating an entrance fee for Virginia City. **Mr. Tiberi** said that there will be a study done to see if a bypass road is appropriate for the town. He said that there is an entry fee for Nevada City.

{Tape: 2; Side: B; Approx. Time Counter: 27.2 - 28.3}

Mr. Olsen said that his presentation is done but would like to make a couple of comments. He said that the Society didn't support SB 101 and he gave the reasons why. And the other comment dealt with the issue of Virginia City becoming self sufficient. He said that as a Commissioner, Director of the Society, and as a person who directed the State park system for eight years in Bannack with all those historic properties, he is of the opinion that Virginia City will never be self sufficient. He felt it could never become independent because the liabilities with old buildings are so significant. He said, "I don't think it is ever possible. No other historic site is self sufficient that I am aware of either in Montana or any where else. I just wanted to register that opinion."

REP. BUZZAS directed a question to **SEN. JOHNSON**. She was of the opinion that at the time it was decided to buy Virginia and Nevada Cities the people who made that decision were under the assumption that these cities would eventually become a self-sufficient business. **SEN. JOHNSON** said that he agreed with that statement. He thought there would be many pieces of testimony verifying this.

SEN. MCCARTHY said that she agreed with **SEN. JOHNSON**. She said, "The people who presented this to us and **REP. FRANKLIN** say the same thing, [that they] firmly believed that it would be self-sufficient at some period of time. Although they couldn't present figures to that effect, they had that optimistic outlook."

{Tape: 3; Side: A; Approx. Time Counter: 0.5 - 3.5}

[Chairman Hedges took over as Chair.]

Proponents' Testimony:

[Jeff Tiberi testified in the section that addressed Virginia City]

Betty L. Babcock, on behalf of the Historical Society, and the people who visit the Society but are unable to speak for themselves, went over the benefits that the Montana Historical Society offers to people.

EXHIBIT(jeh08a17)

{Tape: 3; Side: A; Approx. Time Counter: 3.5 - 9}

Judy Cole, member of the Board of Trustees, said that the mission of the Historical Society is to record and preserve history. She believed that Montana citizens deserve to have their history recorded and preserved, and to have the ability to access the documents. These activities would be available through funding this Society.

EXHIBIT(jeh08a18)

{Tape: 3; Side: A; Approx. Time Counter: 9 - 11.2}

Ed Henrich, President of the Board of Trustees, and General Manager of Fairmont Hot Springs, expressed his concerns over the budget cuts.

EXHIBIT(jeh08a19)

{Tape: 3; Side: A; Approx. Time Counter: 11.2 - 15.3}

Cathy Burwell, President/CEO for the Helena Area Chamber of Commerce, rose in support of adequate funding for the Montana Historical Society, and stated that the Society attracts tourism. She also commented on the bed tax that is used for funding the Historical Society. She urged the Committee to give strong consideration for full funding to this agency.

EXHIBIT(jeh08a20)

{Tape: 3; Side: A; Approx. Time Counter: 15.3 - 18.2}

Char Pentecost, Chairman of the Original Governor's Mansion Restoration Board, talked about the importance of maintaining this agency's funding capacity so Montana's history can be preserved for all.

EXHIBIT(jeh08a21)

{Tape: 3; Side: A; Approx. Time Counter: 18.2 - 22.7}

Lee Rostad, for the Montana citizens from rural Montana, talked about the outreach programs that are available in her county. She said that these programs bring Montanans closer together and feeds their "soul as well as the body."

EXHIBIT(jeh08a22)

{Tape: 3; Side: A; Approx. Time Counter: 22.7 - 26.8}

Bob Morgan, member of the Board of Trustees, has been involved for 52 years with the Society. He talked about some of the memories he has as well as what the Society has done for people. He said that the public needs a place to go explore history and that the Society is the place. The staff are all professionals. He said that they give more than they get. He would like the Society funded.

{Tape: 3; Side: A; Approx. Time Counter: 26 - 29.9}

{Tape: 3; Side: B; Approx. Time Counter: 0 - 0.2}

Todd Lovshin, representing MEA-MFT, which represents the employees of the Montana Historical Society expressed his concern over the cuts. He said even though volunteers are invaluable the trained staff is needed to do the job that is needed. He urged the Committee to fully fund this agency.

EXHIBIT(jeh08a23)

{Tape: 3; Side: B; Approx. Time Counter: 0.2 - 2}

Stan Lynde, artist and writer, said that the archive program has provided research for him and many other writers. He informed the Committee that in June there will be between 250 to 300 members of the Western Writers of America that will be coming to Helena to hold their 50th anniversary convention. Many if not most will use the Montana Historical Society's archives. He said another author Stephen Ambrose, who wrote Undaunted Courage was a user of the archives and a strong person recommending their value and their worth.

This Society helped him when he was producing his two syndicated comic strips Rick-O-Shay and Latigo. With his recent book, Vigilante Moon, which is a historical novel based on the period of 1863 to 1864, the people at the Historical Society were extremely helpful to him, both in the research and with the photograph that was used. It's the photograph of Virginia City taken by a Salt Lake photographer in 1866 and it formed not only the cover but much of the mood of the work.

He wanted to commend the people who work at the Society for the way that they have preserved history and have expanded our knowledge, and who in recent years produced more and have done more with less. He asked that this Committee think about the future generations and of those who will need the resources that are provided by this Society and to honor the heritage of Montana.

{Tape: 3; Side: B; Approx. Time Counter: 2 - 6.7}

Jesse Long, a volunteer for the Society, spoke about the activities that the volunteers do in helping to preserve Montana's history as well as why they volunteer. He asked that the Committee provide the funding necessary for the Montana Historical Society to fulfill the mission that governs them.

EXHIBIT (jeh08a24)

{Tape: 3; Side: B; Approx. Time Counter: 6.7 - 10.3}

Mr. Olsen wanted to make one more comment which dealt with Exhibit 14.

Mr. Olsen said that he wanted to make sure the Committee understood the Executive Proposal Cuts that deal in increasing the overhead rates in the Montana Heritage Commission (MHC) and the Lewis & Clark Commission. He said that the increases will backfill some of the General Fund cuts in Administration for some

of the key staff. He said that no one knows how this session is going to turn out but wanted the Committee to be aware of what this funding is used for and what would happen if the Heritage Commission is moved.

{Tape: 3; Side: B; Approx. Time Counter: 10.3 - 12}

Questions from Committee Members and Responses:

SEN. McCARTHY asked Char Pentecost if the Old Governor's Mansion is used for social events like receptions. **Ms. Pentecost** replied by saying, "No, it's a museum." She said there are a couple of fund raisers at the house.

SEN. ESP wanted to know how many employees are at the Historical Society. **Ms. Zanto** said that there are 57.66 FTE's. **Mr. Olsen** said that there are probably more people than that. Many people work half-time, part-time, or three-quarters because of the former reductions that have occurred in the budget.

SEN. JOHNSON asked various questions directed to Mr. Henrich that dealt with the Commission and the Montana History Foundation.

SEN. JOHNSON also wanted to know if there has been progress made in raising money. **Mr. Henrich** explained that two board of trustees are part of the History Foundation and money is being raised. He said that there was a lapse because there wasn't an Executive Director. Now there is some very positive PR and dollars coming in.

{Tape: 3; Side: B; Approx. Time Counter: 12 - 15.4}

CHAIRMAN HEDGES said that normally there would be testimony from the Budget Office and the Fiscal Office. He said that information will be saved for executive action.

Mr. Olsen reminded everyone that tonight there will be the reception. He said that all are welcomed and that there is a new exhibit. He also reminded the Committee members that in the packet is a document that is personalized for each legislator that shows the services provided.

{Tape: 3; Side: B; Approx. Time Counter: 15.4 - 16.7}

KC Hill, the Secretary of the Board for the Montana History Foundation, arrived late and asked to have the written testimony submitted testimony.

EXHIBIT (jeh08a25)

There were 3 documents in the packet that weren't discussed but are part of the packet that the Montana Historical Society presented to the committee. They are Exhibit 25.

EXHIBIT (jeh08a26)

Ms. Zanto provided the Committee the historical funding of this agency from fiscal 1998 to 2003. It is included in the Notebook "The Historical Analysis of Agency Budgets" that is Exhibit 2 for the January 20, 2003 minutes and a copy is provided in these minutes.

EXHIBIT (jeh08a27)

ADJOURNMENT

Adjournment: 10:55 A.M.

REP. DONALD L. HEDGES, Chairman

DIANA WILLIAMS, Secretary

DH/DW

EXHIBIT (jeh08aad)